



# OAG-update

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## Planning for GASB Statement No. 84 - Fiduciary Activities



**GASB Statement No. 84 – Fiduciary Activities** is effective in fiscal 2020 for June 30 fiscal year-end governments. Because implementation of the new standard may have significant impacts and require specific considerations, planning should start immediately to ensure readiness for the fiscal 2020 financial reporting cycle. Some areas that have particular applicability to municipalities and school districts and warrant near-term consideration are highlighted here:

- **Student activity funds, scholarship funds, etc.** – most school districts have student activity and scholarship funds with varying degrees of responsibility for custody, accounting, and administration. Initial implementation of the standard requires analysis of a school district’s student activity and scholarship funds to assess the appropriate classification and placement within the school district’s financial statements. The analysis of such funds must consider the nature of the activity, level of administrative responsibility and oversight, legal aspects, and, of course, materiality. The outcome of the analysis will likely identify activities that, for financial reporting purposes, should be reflected in the new custodial funds category, the school unrestricted fund or a special revenue fund. Inclusion of certain student activity funds within the financial statements may also trigger other internal control and purchasing/procurement considerations. The analysis may be time consuming and therefore should not wait until next year’s fiscal 2020 financial reporting process.
- **Pension and OPEB Trust Funds** – component unit evaluation criteria is now part of the consideration of how and whether pension and OPEB trust funds are included in a government’s financial statements. This will require consideration of the legal establishment and governance structure for the pension and OPEB trust funds.
- **Agency funds have been eliminated** – custodial funds are a new category of fiduciary funds under the revised standard and, unlike agency funds, an operating statement detailing changes in fiduciary net position is required.

### **Tips to get ready for GASB 84:**

- ✓ *Participate in webinars or other training events on GASB 84 implementation.*
- ✓ *Make a preliminary assessment of activities that likely meet the definition of fiduciary activities.*
- ✓ *Discuss key considerations, documentation requirements and an implementation timeline with your auditors.*
- ✓ *Consider any needed modifications in your accounting system due to fund reclassifications or accounts that are moving to or from fiduciary fund classifications.*
- ✓ *Ensure your accounting system provides the necessary information to meet the new financial statement elements for custodial funds – e.g., an operating statement detailing changes in fiduciary net position.*
- ✓ *Assess where restatement of fund balances (or fiduciary net position) may be required for fiscal 2020 reporting.*
- ✓ *Consider legal custody and internal control aspects along with the financial reporting implementation issues for student activity funds.*
- ✓ *Consider how any modifications in financial reporting may impact required UCOA coding and reporting.*

On a parallel path, an informal workgroup, which includes school business officers, auditors, RIDE and the OAG, is developing guidelines to assist school business officers in administering student activity funds, designing appropriate control procedures, and reporting amounts within their financial statements.

### **Links to GASB Statement No. 84 and related implementation guide:**

[https://www.gasb.org/jsp/GASB/Document\\_C/DocumentPage?cid=1176168786182&acceptedDisclaimer=true](https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176168786182&acceptedDisclaimer=true)  
[https://www.gasb.org/jsp/GASB/Document\\_C/DocumentPage?cid=1176172846170&acceptedDisclaimer=true](https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176172846170&acceptedDisclaimer=true)

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